**GREENLAND RESOURCES INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**MARCH 31, 2017 and 2016**

**(Expressed in Canadian dollars)**

**GREENLAND RESOURCES INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED MARCH 31, 2017 and 2016**

**(Expressed in Canadian dollars)**

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# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Greenland Resources Inc.

We have audited the accompanying consolidated financial statements of Greenland Resources Inc. and its subsidiary, which comprise the consolidated statements of financial position as at March 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

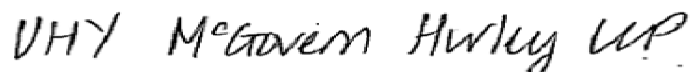
## Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Greenland Resources Inc. and its subsidiary as at March 31, 2017 and 2016, and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

## Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Greenland Resources Inc. had continuing losses during the year ended March 31, 2017 and limited working capital as at March 31, 2017. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the ability of Greenland Resources Inc. to continue as a going concern.

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

TORONTO, Canada
July 26, 2017

**GREENLAND RESOURCES INC.**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(Expressed in Canadian dollars)

| | March 31, 2017 $ | March 31, 2016 $ |
|---|---|---|
| **ASSETS** | | |
| **CURRENT** | | |
| Cash and cash equivalents | 72,479 | 324,009 |
| Advances (Note 6) | 13,978 | 9,070 |
| Sundry receivables | 1,923 | 14,198 |
| Prepaid expenses and deposits | 7,912 | 24,924 |
| **TOTAL CURRENT ASSETS** | 96,292 | 372,201 |
| **NON-CURRENT ASSETS** | | |
| Investment (Notes 8 and 10) | 396,000 | 300,000 |
| Equipment (Note 5) | 4,277 | 6,996 |
| **TOTAL NON-CURRENT ASSETS** | 400,277 | 306,996 |
| **TOTAL ASSETS** | 496,569 | 679,197 |
| **LIABILITIES** | | |
| **CURRENT** | | |
| Accounts payable and accrued liabilities | 45,027 | 44,651 |
| **TOTAL LIABILITIES** | 45,027 | 44,651 |
| **SHAREHOLDERS' EQUITY** | | |
| **CAPITAL STOCK** (Note 7) | 3,068,673 | 3,068,673 |
| **WARRANT RESERVE** (Note 7) | 23,250 | 23,250 |
| **STOCK OPTION RESERVE** (Note 7) | 250,000 | 243,497 |
| **DEFICIT** | (2,890,381) | (2,700,874) |
| **TOTAL SHAREHOLDERS' EQUITY** | 451,542 | 634,546 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | 496,569 | 679,197 |

**NATURE OF OPERATIONS AND GOING CONCERN** (Note 1)
**COMMITMENTS AND CONTINGENCIES** (Note 13)

APPROVED ON BEHALF OF THE BOARD:

Signed "*Ruben Shiffman*", Director

Signed "*James Steel*", Director

See accompanying notes to the consolidated financial statements.

GREENLAND RESOURCES INC.

**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

FOR THE YEARS ENDED MARCH 31

(Expressed in Canadian dollars)

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| **EXPENSES AND OTHER INCOME** | | |
| General and administration expenses | 11,866 | 43,135 |
| Accounting and legal | 31,419 | 24,574 |
| Consulting (Note 6) | 122,900 | 222,250 |
| Stock-based compensation (Note 7) | 6,503 | 243,497 |
| Rent | 5,000 | 16,000 |
| Advertising and promotion | 4,035 | 25,771 |
| Investor relations | 10,563 | 44,163 |
| Travel | 9,165 | 42,502 |
| Exploration expenses (Note 9) | 75,573 | 516,137 |
| Transfer agent fees | 2,900 | 3,396 |
| Insurance | 3,863 | 3,888 |
| Amortization | 2,719 | 2,453 |
| Unrealized (gain) on investments | (96,000) | - |
| Foreign exchange (gain)/loss | (12) | 4,766 |
| Interest (income) | (987) | (4,385) |
| **NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR** | 189,507 | 1,188,147 |
| **NET LOSS PER SHARE** | | |
| - basic and diluted | 0.01 | 0.03 |
| **WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING** | | |
| - basic and diluted | 35,225,000 | 35,225,000 |

See accompanying notes to the consolidated financial statements.

**GREENLAND RESOURCES INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
FOR THE YEARS ENDED MARCH 31
(Expressed in Canadian dollars)

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net loss for the year | (189,507) | (1,188,147) |
| Adjustment for: | | |
| Stock-based compensation | 6,503 | 243,497 |
| Unrealized gain on investment | (96,000) | - |
| Amortization | 2,719 | 2,453 |
| | (276,285) | (942,197) |
| Changes in non-cash working capital balances: | | |
| Sundry receivables | 12,275 | 13,207 |
| Prepaid expenses and deposits | 17,012 | 380,684 |
| Advances | (4,908) | 16,311 |
| Accounts payable and accrued liabilities | 376 | (143,483) |
| Cash flows from operating activities | (251,530) | (675,478) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Investment in 1885683 Alberta Ltd. | - | (300,000) |
| Equipment acquired | - | (4,303) |
| Cash flows from investing activities | - | (304,303) |
| (Decrease) in cash and cash equivalents | (251,530) | (979,781) |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 324,009 | 1,303,790 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | 72,479 | 324,009 |

| **CASH AND CASH EQUIVALENTS ARE COMPRISED OF:** | 2017<br>$ | 2016<br>$ |
|---|---|---|
| Cash | 72,479 | 8,836 |
| Cash equivalents | - | 315,173 |
| Total cash and cash equivalents | 72,479 | 324,009 |

**GREENLAND RESOURCES INC.**
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**
FOR THE YEARS ENDED MARCH 31, 2017 AND 2016
(Expressed in Canadian dollars)

| | Common Shares # | Capital Stock $ | Stock Option Reserve $ | Warrant Reserve $ | Deficit $ | Total $ |
|---|---|---|---|---|---|---|
| **Balance, March 31, 2016** | **35,225,000** | **3,068,673** | **243,497** | **23,250** | **(2,700,874)** | **634,546** |
| Stock options vested (Note 7) | - | - | 6,503 | - | - | 6,503 |
| Net (loss) for the year | - | - | - | - | (189,507) | (189,507) |
| **Balance, March 31, 2017** | **35,225,000** | **3,068,673** | **250,000** | **23,250** | **(2,890,381)** | **451,542** |
| | | | | | | |
| **Balance, March 31, 2015** | **35,225,000** | **3,068,673** | - | **23,250** | **(1,512,727)** | **1,579,196** |
| Grant of stock options (Note 7) | - | - | 243,497 | - | - | 243,497 |
| Net (loss) for the year | - | - | - | - | (1,188,147) | (1,188,147) |
| **Balance, March 31, 2016** | **35,225,000** | **3,068,673** | **243,497** | **23,250** | **(2,700,874)** | **634,546** |

See accompanying notes to the consolidated financial statements.

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Greenland Resources Inc. (the “Company”) was incorporated under the laws of the Province of Ontario by articles of incorporation dated February 7, 2008 and was engaged in early stage biomedical research. The Company had one project, which was to collaborate with and provide funding to the Hospital for Sick Children for a project involving certain brain tumour and stem cell research (see Note 14). The Company has changed its focus and is now engaged in the acquisition, exploration and development of mineral properties in Greenland. The Company owns a 100% interest in the Storø Gold Project, an exploration project located in Greenland. The Company’s registered office is at 390 Bay Street, Suite 806, Toronto, Ontario M5H 2Y2.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations on such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, and non-compliance with regulatory and environmental requirements.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the realization of assets and discharge of liabilities in the normal course of business. There are certain conditions that cast doubt on this assumption. The Company has incurred losses from operations since inception and has limited working capital to pursue future opportunities.

The ability of the Company to continue as a going concern is dependant upon the development and commercialization of its mineral exploration project, and the generation of positive cash flows from operations. The business of exploring for minerals involves a high degree of risk and there can be no assurance that future exploration and development programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

As at March 31, 2017, the Company has not earned revenue and has an accumulated deficit of $2,890,381 and limited working capital. The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional financing and achieve profitable operations in the future. There is no assurance that the Company will be successful in achieving these objectives. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. These adjustments could be material. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

These financial statements were approved by the Board of Directors on July 26, 2017.

## 2. BASIS OF PREPARATION

**Statement of compliance**

These consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The policies have been consistently applied to all periods presented unless otherwise noted.

## 2. BASIS OF PREPARATION (Continued)

**Basis of measurement**

These consolidated financial statements are prepared on the historical cost basis, except for certain financial instruments that are carried at fair value. In addition, these consolidated financial statements are prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiary.

**Principles of consolidation**

These financial statements include the accounts of the Company and its wholly owned subsidiary, Copenhagen Minerals Inc. ("CMI"). Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

## 3. SIGNIFICANT ACCOUNTING POLICIES

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and money market funds, with original maturities of less than 90 days. The money market funds are held with a Canadian chartered bank or a financial institution controlled by a Canadian chartered bank.

**Investments**

Investments in publicly-held companies which are traded on a recognized securities exchange are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the investments are revalued to their fair values based on quoted closing prices at the statement of financial position date. The fair value of investments in publicly-held companies is classified as Level one within the fair value hierarchy.

Investments in privately-held companies are initially recorded at cost, being the fair value at the time of acquisition. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

With respect to valuation, the financial information of private companies in which the Company has investments may not always be available, or such information may be limited and/or unreliable. An upward or downward adjustment is considered appropriate and supported by pervasive and objective evidence such as a significant subsequent equity financing by an unrelated investor at a transaction price higher or lower than the Company's carrying value; or if there have been significant corporate, political or operating events affecting the investee company that, in management's opinion, have a positive or negative impact on the investee company's prospects and therefore its fair value. In these circumstances, the adjustment to the fair value of the investment will be based on management's judgment and any value estimated may not be realized or realizable.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Equipment**
Equipment is initially recorded at cost. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Amortization is recognized based on the cost of equipment, less its estimated residual value, over its estimated useful life as follows:

| | |
|---|---|
| Computer equipment | straight line basis over estimated useful life of two years |
| Field equipment | straight line basis over estimated useful life of five years |

**Exploration and evaluation expenditures**
The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of exploration and evaluation properties, property option payments and exploration and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

**Decommissioning, restoration and similar liabilities**
A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of an exploration property interest. Such costs, discounted to their net present value, are provided for at the start of each project as soon as the obligation to incur such costs arises. The timing of the actual expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates. Discount rates, using a pretax rate reflecting the time value of money, are used to calculate the net present value. The liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Changes in estimates of decommissioning costs are accounted for in the period the change is identified.

The Company had no material restoration, rehabilitation and environmental obligations as at March 31, 2017 and 2016.

**Provision**
A provision is recognized, if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation. The timing or amount of the outflow may still be uncertain.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate. The Company had no material provisions at March 31, 2017 and 2016.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Income taxes

Income tax expense comprises current and deferred tax and is recognized in profit and loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive loss.

*Current income taxes*

Current income tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current income tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

*Deferred taxes*

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the statements of financial position and their corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax bases. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

### Capital stock and warrants

The Company's common shares and warrants are classified as equity instruments only to the extent that they do not meet the definition of a financial liability. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction, net of tax, from the proceeds. Expired warrants are transferred to deficit on expiry.

### Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. The Company classifies financial instruments as fair value through profit or loss ("FVTPL"), available-for-sale, loans and receivables, or other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale instruments are measured at fair value with gains and losses recognized in other comprehensive income unless they are unlisted with no active market, in which case, they are measured at cost. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in operations.

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that include the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Financial instruments (Continued)**
The following is a summary of significant categories of financial instruments outstanding at March 31, 2017 and 2016:

| | |
|---|---|
| Cash and cash equivalents | Loans and receivables |
| Advances | Loans and receivables |
| Sundry receivables | Other financial liabilities |
| Accounts payable and accrued liabilities | Other financial liabilities |
| Investment | Fair value through profit or loss |

The fair value of cash and cash equivalents, sundry receivables, advances and accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

As of March 31, 2017 and 2016, investments are recorded at fair value in the consolidated statements of financial position and are classified at Level 3 within the fair value hierarchy.

**Foreign currency transactions**
Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the period end exchange rates are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**Loss per share**
Basic loss per share is calculated by dividing profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the year. The denominator (number of units) is calculated by adjusting the shares in issue at the beginning of the year by the number of shares bought back or issued during the year, multiplied by a time-weighting factor.

Diluted loss per share is calculated by adjusting the number of shares for the effects of dilutive options and warrants. The effects of anti-dilutive potential units are ignored in calculating diluted loss per share.

**Share-based payments**
The Company accounts for its share-based payments using the fair value method of accounting for stock options granted to directors, officers, employees, non-employees, consultants and service providers to the Company. The fair value of stock options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. Share-based payments to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the date the goods or services are received.

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options that are expected to vest.

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Share-based payments (Continued)**

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. Unexercised expired stock option values are transferred to deficit.

**Significant accounting judgments, estimates and assumptions**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the financial statements are as follows:

*Contingencies*

Refer to Note 13.

*Income, value added, withholding and other taxes*

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

*Fair value of investment in securities not quoted in an active market or private company investments*

Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. As valuations of investments for which market quotations are not readily available are inherently uncertain, determination of fair value may differ materially from the values that would have resulted if a ready market existed. (Refer to Note 10)

**Changes in accounting standards**

IAS 1 – *Presentation of Financial Statements* ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments were effective for annual periods beginning on or after January 1, 2016. There was no impact on the Company's consolidated financial statements as a result of adopting the amendments to IAS 1.

## 4. FUTURE ACCOUNTING CHANGES

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after April 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following has not yet been adopted and is being evaluated to determine their impact on the Company.

IFRS 9 – *Financial Instruments* ("IFRS 9"), was issued in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

## 5. EQUIPMENT

For the year ending March 31, 2017

| | Field equipment | Computer equipment | Total |
|---|---|---|---|
| Net book value, beginning | $ 5,134 | $ 1,862 | $ 6,996 |
| Amortization | (1,329) | (1,390) | (2,719) |
| Ending | 3,805 | 472 | 4,277 |
| Consisting of | | | |
| Cost | 6,644 | 3,675 | 10,319 |
| Accumulated amortization | (2,839) | (3,203) | (6,042) |
| | 3,805 | 472 | 4,277 |

For the year ending March 31, 2016

| | Field equipment | Computer equipment | Total |
|---|---|---|---|
| Net book value, beginning | $ 3,805 | $ 1,341 | $ 5,146 |
| Additions | 2,416 | 1,887 | 4,303 |
| Amortization | (1,087) | (1,366) | (2,453) |
| Ending | 5,134 | 1,862 | 6,996 |
| Consisting of | | | |
| Cost | 6,644 | 3,675 | 10,319 |
| Accumulated amortization | (1,510) | (1,813) | (3,323) |
| | 5,134 | 1,862 | 6,996 |

## 6. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any directors (executive and non-executive) of the Company. The following table shows the compensation paid to key management personnel.

| Key Management | Period (year) | Management fees ($) | Performance bonuses ($) | Stock options ($) | Consulting fees ($) | Total compensation ($) |
|---|---|---|---|---|---|---|
| Officers | 2017 | 108,000 | - | 2,341 | - | 110,341 |
| | 2016 | 179,000 | 50,000 | 87,659 | - | 316,659 |
| Directors *(not including officers)* | 2017 | - | - | 1,561 | 4,000 | 5,561 |
| | 2016 | - | - | 58,439 | 32,640 | 91,079 |
| Totals | 2017 | 108,000 | - | 3,902 | 4,000 | 115,902 |
| | 2016 | 179,000 | 50,000 | 146,098 | 32,640 | 407,738 |

The annual amounts disclosed above for 2017 were all incurred in the first three quarters. One officer of the Company held an expense advance at March 31, 2017, with a balance of $13,978 in total (March 31, 2016 - $9,070). This amount is unsecured, non-interest bearing and due on demand.

The above transactions were conducted in the normal course of business and were accounted for at the exchange amount which is the amount agreed between the parties.

During the year ended March 31, 2016 the Company made a $300,000 investment in the shares of 1885683 Alberta Ltd., a private oil and gas company with property in western Canada. (See Note 8) Two directors of the Company are directors and shareholders of 1885683 Alberta Ltd.

## 7. CAPITAL STOCK, WARRANTS AND STOCK OPTIONS

(a) Authorized
Unlimited number of common shares with no par value

(b) Issued

| | Number of shares # | Amount $ |
|---|---|---|
| Balance, March 31, 2015, 2016 and 2017 | 35,225,000 | 3,068,673 |

(c) Warrants

| | Warrants # | Grant Date Fair Value $ | Exercise Price $ |
|---|---|---|---|
| Balance, March 31, 2015, 2016 and 2017 | 250,000 | 23,250 | 0.10 |

250,000 warrants were issued to an agent pursuant to a financing. These non-assignable agent's warrants are exercisable at $0.10 per share for a period of 24 months following the date of listing of the common shares on a recognized stock exchange.

## 7. CAPITAL STOCK, WARRANTS AND STOCK OPTIONS (Continued)

(d) Stock options

The Company has granted options for the purchase of common shares to its directors, officers, and consultants. The options are non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant at the market price of the common shares, subject to all applicable regulatory requirements.

As at March 31, 2017, there was one series of stock options outstanding, as follows

| Number of Options # | Exercisable Options # | Exercise Price ($ per share) | Weighted Average Remaining Contractual Life (years) | Expiry Date |
|---|---|---|---|---|
| 2,500,000 | 2,500,000 | 0.20 | 3.08 | April 28, 2020 |

The following table summarizes changes in stock options.

| | Options # | Grant Date Fair Value $ | Exercise Price $ |
|---|---|---|---|
| Balance of stock options, March 31, 2015 | - | - | |
| Granted April 28, 2015 | 2,500,000 | 250,000 | 0.20 |
| Balance, March 31, 2016 and 2017 | 2,500,000 | 250,000 | |

On April 28, 2015, the Company granted 2,500,000 stock options to officers, directors and consultants with an exercise price of $0.20 per option. The options expire five years from the grant date, April 28, 2020. The options vest as to 33% immediately on granting, 33% at the end of six months from the date of grant and the remaining 34% at the end of twelve months from the date of grant. The grant date fair value was estimated using the Black Scholes pricing model with the following assumptions: current stock price of $0.15, expected dividend yield of 0%, expected volatility of 100%, risk free rate of 0.96% and expected life of 5 years. Volatility was based on the historical volatility of comparable companies. The grant date fair value of the options granted was estimated to be $250,000.

## 8. INVESTMENT

On June 9, 2015, the Company participated in a private placement under which it acquired 2,000,000 common shares of a private oil and gas company at $0.15 per share, for a total investment of $300,000. In December 2016 and March 2017, the investee company completed arm's length private placement financings in which an additional 19,100,000 common shares were sold, at a price of $0.198 per share, resulting in an unrealized gain of $96,000 being recognized in the statement of loss for the year ended March 31, 2017 to increase the value of its investment accordingly.

The following securities were held at the dates indicated:

| | March 31, 2017 | | March 31, 2016 | |
|---|---|---|---|---|
| | Shares | $ | Shares | $ |
| 1885683 Alberta Ltd. | 2,000,000 | 396,000 | 2,000,000 | 300,000 |
| Total investment | | 396,000 | | 300,000 |

See Note 6.

## 9. EXPLORATION AND EVALUATION PROPERTY

The Company's exploration license area in Greenland, held through its wholly owned subsidiary CMI, referred to as the Storø Project, is valid until December 31, 2018 after which the Company has the option to extend the license for a further six years, in two year intervals, or to convert the license into an exploitation license.

Exploration and evaluation expenditures for the property during the year ended March 31, 2017 totalled $75,573 (2016 - $516,137). Exploration expenditures incurred by the Company are summarized in the following table:

| | Year ended March 31, 2017 $ | Year ended March 31, 2016 $ |
|---|---|---|
| Consulting, geological | 60,444 | 30,391 |
| Insurance | 372 | - |
| Travel and accommodation | 9,787 | 41,732 |
| Aircraft charter | 650 | 146,846 |
| Communications | - | 2,977 |
| Shipping, postage, courier | - | 23 |
| QA/QC program | 1,220 | - |
| Assaying | - | 22,027 |
| Diamond drilling | 3,100 | 259,914 |
| Supplies and services | - | 12,227 |
| | 75,573 | 516,137 |

## 10. FINANCIAL INSTRUMENTS

### Fair Value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the reporting date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying values of cash and cash equivalents, advances, sundry receivables and accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

The Company based its estimate of the fair value of its investment in 1885683 Alberta Ltd. (see Note 8) on a recent transaction price. In December 2016 and March 2017, 1885683 Alberta Ltd. completed arm's length, non-brokered private placement equity financings at $0.20 per unit, with each unit comprised of one common share and an oil and gas net profits interest ("NPI"). 1885683 Alberta Ltd. allocated $0.002 to the NPI, based on a discounted cash flow analysis, with the balance of $0.198 attributed to the common share.

### Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous period.

## 10. FINANCIAL INSTRUMENTS (Continued)

Liquidity Risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2017, the Company had a cash and cash equivalents balance of $72,479 (March 31, 2016 - $324,009) to settle current liabilities of $45,027 (March 31, 2016 - $44,651). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Interest Rate Risk:

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in money market funds and investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

Credit Risk:

The Company's credit risk is primarily attributable to sundry receivables. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to these financial instruments included in sundry receivables is remote.

Foreign Exchange Risk:

The Company's functional and reporting currency is the Canadian dollar and purchases of goods and services have generally been transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses on a cash basis in Danish Krone (DKK) or other currencies converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is, for the foreseeable future, negligible and therefore does not hedge its foreign exchange risk. As at March 31, 2017 and 2016, the Company's cash and cash equivalent balances were all held in Canadian dollars. Certain suppliers to the Company's exploration program required deposits that were denominated in DKK to be paid in advance of work. The deposit amounts were all applied against bills over relatively short time frames which made the exchange effects insignificant.

Price Risk:

Prices of goods and services consumed in the course of the Company's activity can fluctuate in response to supply and demand and are often driven by industry cycles. Fluctuations in commodity prices may influence financial markets and may indirectly affect the Company's ability to raise capital to fund exploration. If they vary materially from forecasts made when budgets are set it could affect the ability of the Company to complete work programs. Generally, the Company's planning time horizons are short enough that this does not present a significant risk.

The Company is also subject to price risk with respect to changes in value of its investment.

Sensitivity Analysis:

Sensitivity to a plus or minus 1 percentage point change in interest rates, based on the balance of cash and cash equivalents as at March 31, 2017 would result in a change in interest income of approximately $725 (March 31, 2016 - $3,240) if held over a twelve-month period.

Sensitivity to a plus or minus 10 percentage point change in the value of the investment at March 31, 2017 would result in a change in the investment of approximately $40,000 (at March 31, 2016 - $30,000).

## 11. INCOME TAXES

(a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2016 – 26.5%) were as follows:

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| (Loss) before income taxes | (189,507) | (1,188,147) |
| Expected income tax recovery based on statutory rate | (50,000) | (315,000) |
| Adjustment to expected income tax benefit: | | |
| Expenses not deductible for tax purposes | (10,000) | 70,000 |
| Change in benefit of tax assets not recognized | 60,000 | 245,000 |
| Deferred income tax provision (recovery) | - | - |

(b) Deferred Income Tax

The tax effects of temporary differences give rise to deferred income tax assets and liabilities at March 31, 2017 and 2016. As at March 31, 2017, the Company had not recognized the following temporary differences.

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| Unrecognized deferred tax assets and liabilities | | |
| Deferred income tax assets have not been recognized in respect of the following deductible temporary differences: | | |
| Resource expenditures | 1,241,000 | 1,167,000 |
| Non-capital loss carry-forwards | 1,066,000 | 870,000 |
| Investment | (96,000) | - |
| Share issue costs and other | 13,000 | 14,000 |
| Deductible temporary differences not recognized | 2,224,000 | 2,051,000 |

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

The non-capital losses expire from 2027 to 2037. The other temporary differences do not expire under current legislation.

## 12. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of capital stock, warrant and stock option reserves and accumulated deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to fund its exploration activities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

## 12. CAPITAL MANAGEMENT (Continued)

The project in which the Company currently has an interest is in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration programs and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management approach during the year ended March 31, 2017.

## 13. COMMITMENTS AND CONTINGENCIES

The Company's exploration and evaluation activities are subject to various international and federal laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

## 14. PREVIOUS RESEARCH PROJECT

On February 8, 2008, the Company entered into a research agreement with The Hospital for Sick Children ("HSC") regarding funding and collaboration with respect to certain research conducted by HSC regarding brain tumour stem cells and the Company funded $300,000 of research expenses. The Company is entitled to 10% of HSC's net proceeds from any commercialization agreements pertaining to intellectual property derived from that research.

## 15. SEGMENTED INFORMATION

The Company's operations consist of the acquisition, exploration and development of mineral properties. During the year ended March 31, 2017 and the year ended March 31, 2016, substantially all of the Company's assets and operations related to the acquisition, exploration and development of resource properties. As at March 31, 2017 and March 31, 2016, substantially all of the Company's assets were held in Canada. As at March 31, 2017, equipment valued at $3,965 (2016 – $5,621) was located in Greenland.